C2176-1

THE CHRONICLE OF PHILANTHROPY.

ISSN 1040-676x • Copyright © 1992 by The Chronicle of Philanthropy

The Newspaper of the Non-Profit World

Vol. IV, No. 19 • July 14, 1992 • $3

SEEKING NEW WAYS TO REFORM ELECTIONS

Amid voter disgust, foundations are backing efforts to increase the public's interest in politics and reduce money's influence

By KRISTIN A. GOSS

AS THE NOVEMBER ELECTION approaches, a small but growing number of non-profits and foundations are turning their attention to a troubling question: Is American democracy broken?

Amid seemingly unprecedented voter apathy and cynicism, non-profits and their foundation backers are emerging as key players in a burgeoning movement to overhaul the electoral process.

Among the new ways in which non-profits and foundations are encouraging what some activists are calling a "pro-democracy" movement:

► Illuminating the connection between large campaign contributions and the behavior of elected officials.

► Trying to bring greater substance to political races by, among other things, helping the press improve its coverage and calling attention to negative campaigning.

► Exploring ways to make political races more competitive.

For non-profits and foundations that have traditionally worked to increase citizen participation in politics, such efforts mark a dramatic shift in strategy. In past elections, foundations have generously financed voter-registration drives. But those efforts have failed to increase the voter turnout significantly, and mounting evidence indicates that average citizens do not feel that their votes matter much anymore.

The focus now is on creating an atmosphere in which people will want to participate in elections.

Grant makers' broadening view of electoral issues was underscored this spring, when the Funders Committee on Voter Registration and Education, a network formed nine years ago, changed its name to the Funders Committee on Citizen Participation.

Efforts to Register Students and the Homeless

That is not to say that non-profits and foundations have abandoned voter registration entirely.

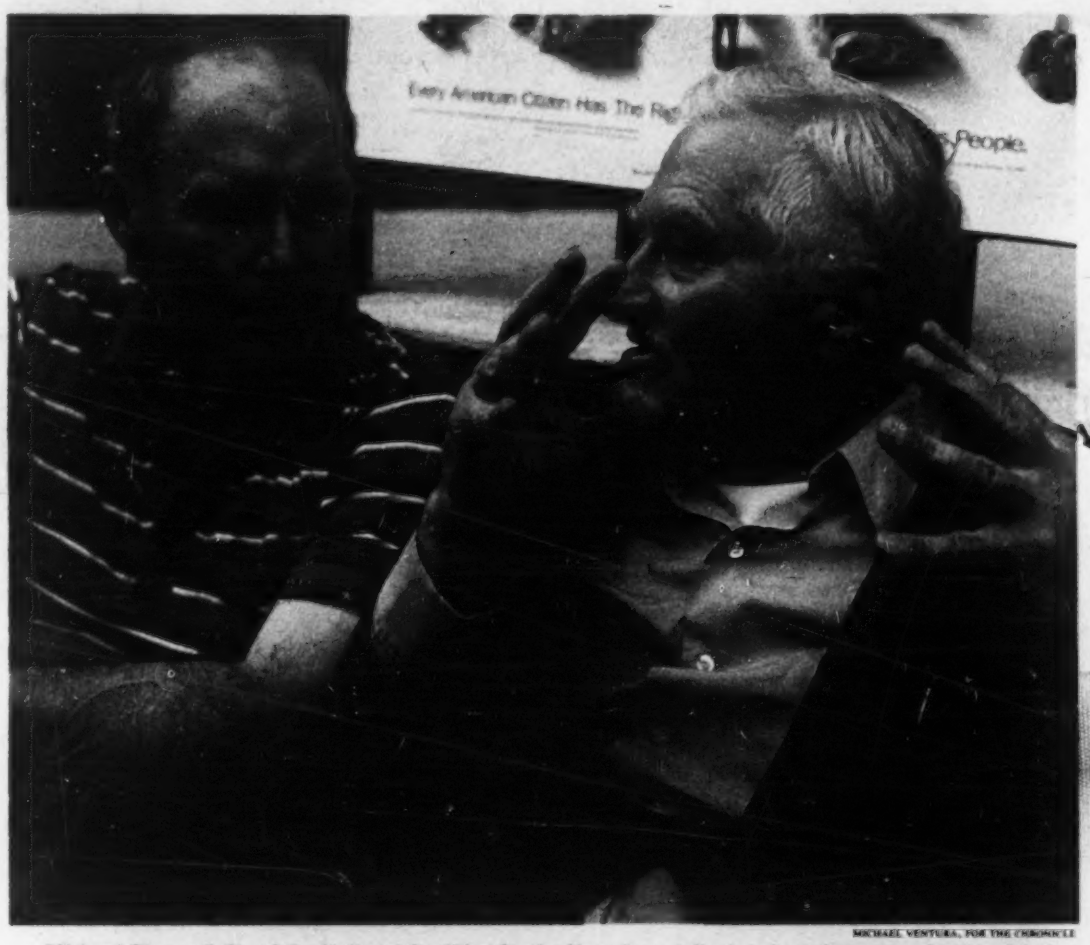
Several efforts have developed since the last Presidential election to register students, minority-group members, and homeless people, among others. After President Bush's veto this month of a "motor voter" bill that would have required states to register people when they obtained a driver's license, welfare payment, or other state services, non-profit voter-registration efforts are sure to continue.

Still, some voter-registration groups are facing financial woes that have led them to reduce their staffs or undertake projects based in part on whether they are popular with foundations this year. (See story on Page 14.)

The number of foundations working on election-related issues is relatively small, as is the amount they give.

In anticipation of this year's elections, a dozen of

Continued on Page 14



MICHAEL VENTURA, FOR THE CHRONICLE

Michael Stoops (left), of the National Coalition for the Homeless, talks to a homeless man about registering to vote. The group's voter-registration effort has found it hard to attract foundation support. Story on Page 14.

Index	
Books	32
Coming Events	43-45
Deadlines	45-48
Directory of Services	46-47
The Face of Philanthropy	4-5
Foundation Annual Reports	22
Fund Raising	25-29
Giving	6-24
Grants	20-24
Ideas & Resources	30-32
Letters & Opinion	40-42
Managing	33-39
My View	40-41
News in Brief	18, 36
People	38-39
Professional Opportunities	49-55

Big Gift to a Public College

Henry Rowan (*right*) is giving $100-million to Glassboro State College in New Jersey—one of the two or three largest gifts ever made to a college or university, public or private. Story on Page 7.

Tax Breaks Gain in Congress

Congress is moving to expand tax breaks for wealthy people who make donations of artwork, real estate, and other items that have grown in value. Story on Page 25.

Changes at United Way

United Way of America has made major changes in its structure and practices to try to counteract recent criticism. Most local United Ways said they were pleased by the actions but are still worried about their fall drives. Story on Page 33.

ALEXANDRA GRABBE, FOR THE CHRONICLE

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader — Volume IV, Number 19

About Fund Raising

25 Congress is moving to expand tax breaks for wealthy people who make donations of artwork, real estate, and other items that have grown in value.

25 The House of Representatives has voted to cut $282-million in subsidies for non-profit mail, but lawmakers say they don't want rates to go up.

26 The Council for Advancement and Support of Education has ambitious new plans to increase the supply—and improve the quality—of fund raisers.

27 The Internal Revenue Service says that the Watson and Hughey fund-raising company appears to have orchestrated a publicity campaign that provoked unfounded alarm among charities.

28 The Supreme Court upheld a ban on soliciting charitable donations in New York airports.

37 Salaries for hospital fund raisers rose 8.2 per cent last year.

30 Finding the right mailing lists and testing them well are keys to effective direct-mail fund raising (The Basics).

31 A mailing by the Atlanta Ballet used testimonials from balletgoers to increase subscription sales (Direct Mail).

About Volunteers

18 Leaders of community-service programs in 14 countries are calling for increased efforts to involve young people in volunteer activities.

30 The Gap clothing company is matching its employees' volunteer hours in a way similar to that in which it matches cash donations (Ideas).

18 Points of Light 808 to 821 were named by the Bush Administration.

About Managing Non-Profits

33 United Way of America has adopted sweeping changes in management, and most local United Ways say they are pleased with the results.

33 Non-profits would face tougher requirements for disclosure of financial information under legislation passed by the House.

36 The president of the Leukemia Society of America has resigned unexpectedly.

36 Employees of non-profits in northern California are making higher salaries but working longer hours.

36 A federation of United Ways in the New York City area will continue to pay its president $240,000 a year.

30 Used computer parts are helping small non-profits (Ideas).

39 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

GREGG RUMMEL, FOR THE CHRONICLE

The deferential philanthropy of Paul Mellon **6**

About Gifts and Giving

7 A little-known New Jersey industrialist has made a $100-million gift to Glassboro State College.

6 Paul Mellon, who has given away more than $600-million, says he always sought to support projects that couldn't get substantial backing from someone else.

12 Many Jews could afford to give more to Jewish charities, but they are not solicited effectively, says a new report.

18 Giving to charity is a top priority for Americans, according to a new poll.

About Politics

1 Foundations and non-profits are playing an important role in efforts to reinvigorate the electoral process.

14 Many voter-registration groups say they are having trouble attracting foundation support, although groups aimed at the young or at systematic reform are doing well.

16 The Democratic Party platform calls for a new emphasis on non-profits in seeking to solve the nation's problems.

Of Special Interest to Board Members

33 **United Way of America has made major changes in the structure of its board as part of its efforts to assuage criticism of its management and financial practices.**

33 **The House has passed a bill that would stiffen requirements for non-profits to disclose financial information, and the Senate is considering similar legislation.**

About Grant Makers

10 The Internal Revenue Service has withdrawn a controversial ruling that affected some funds managed by community foundations.

10 A southern California group has accused local grant makers of ignoring the area's problems.

18 An organization of grant makers has called on foundations to direct more money to women's programs, following the latest Supreme Court decision on abortion.

18 The Corella and Bertram F. Bonner Foundation plans to start making awards to aid people with special needs.

20 Grants from four foundations will enable day-care centers in the nation's capital to get more out of "Sesame Street."

20 Recent grants by foundations, corporations, and other grant makers.

Also in This Issue

32 **Books:** A summary of *The Tragedy of American Compassion*, by Marvin Olasky, as well as listings of other new books.

40 **Opinion:** Archibald L. Gillies on why foundations should support freedom of expression; Irving Warner on Penn State's deal with Pepsi.

40 **Letters** on foundations and social problems, opportunity and danger in Eastern Europe, volunteer mentors, and women in philanthropy.

Clarification

An article on the Colorado Trust's new grant program for communitywide efforts to improve health care (June 30) should have noted that only Colorado groups are eligible for the money.

The Chronicle of Philanthropy (ISSN 1040-676x) is published biweekly except the last two weeks in August and the last two weeks in December at 1255 Twenty-Third Street, N.W., Washington, D.C. 20037. Subscription rate: $60 per year. Second-class postage paid at Washington, D.C., and at additional mailing offices. POSTMASTER: Send address changes to The Chronicle of Philanthropy, P.O. Box 1989, Marion, Ohio 43305. Member, Audit Bureau of Circulations.

MANAGING

Governance and Regulation

Leaders Unveil 'New United Way of America'

New financial controls, ethics rules, and board structure are designed to 'close the book' on past troubles

By BRUCE MILLAR

ALEXANDRIA, VA.

UNITED WAY of America has adopted sweeping management changes aimed at improving its accountability.

The measures, which range from putting representatives of local United Ways on the national organization's board to establishing stiff new financial controls and rules on ethics, appear to have assuaged the concerns of many United Way leaders across the country. However, many say they are concerned that United Way of America has not done enough to reassure potential donors in time to help fund-raising drives that will start this fall in most of the nation.

Changes at United Way of America

JANUARY 1		JUNE 30
$28.4-million	Size of budget	$23.7-million
$1,040,167	Monthly payroll[1]	$933,167
$15.9-million	Annual expenses (other than payroll)	$12.5-million
270	Number of salaried employees	185
45	Number of consultants on payroll	9
3	Number of cars owned by the organization and used by employees	none
10	Number of portable phones	none
none	Representatives of local United Ways on national board[2]	15
7	Number of affiliated organizations	6
1,400	Number of dues-paying member organizations	686

[1] Effect of staff reductions will be fully apparent in 1993 budget.
[2] Subject to ratification at August 19 annual meeting.

SOURCE: United Way of America

The changes approved by the United Way of America Board of Governors mark a dramatic shift in direction, said the organization's interim president, Kenneth W. Dam.

He predicted that the reforms at what he dubbed the "new United Way of America" will "close the book on the past" and make sure that "local United Ways have the most important governing and operational role" in the umbrella organization.

Mr. Dam said the safeguards make it "impossible" for a repetition of the controversy over spending and management practices that plunged United Way of America into a crisis this winter.

Many local United Ways refused to pay their dues to the organization after press reports about the compensation of its former president, William Aramony, his use of first-class air travel and limousines, and his efforts to place close associates in jobs at affiliates that carried out services for United Ways and other non-profits. Although an independent report prepared for United Way of America criticized Mr. Aramony for his "loose and independent" management style, he has denied that he was engaged in any serious improprieties.

Most of the changes adopted by the board had been suggested in the report, which was prepared by a Washington law firm, Verner, Liipfert, Bernhard, McPherson and Hand, and submitted to the United Way Board of Governors in April (*The Chronicle*, April 7).

In its actions, the board:

► Redefined United Way of America's mission as "to support and serve local United Ways to help them care for people in their communities." The change reflects an increased focus on serving the 2,100 United Ways across the country.

► Revamped relationships with seven affiliated organizations that were "spun off" into separate entities. In most cases, United Way of America will have tighter control over their management. The Verner, Liipfert report estimated that United Way of America had lost millions of dollars in income by setting up the spinoffs.

► Arranged for United Way of America to take over the activities of Charities Fund Transfer, a spinoff that allows corporate contributions to be electronically transferred to local United Ways.

► Established an internal auditing system that will

Continued on Page 34

Congress Weighs Tougher Rules for Making Non-Profits' Financial Reports Public

By HOLLY HALL

WASHINGTON

CONCERNED THAT NON-PROFITS are not doing enough to inform the public about their finances, Congress is considering two measures that would stiffen disclosure requirements for many organizations:

► The House of Representatives has passed a measure that would require all non-profits, including foundations, to provide photocopies of their annual informational tax returns, Internal Revenue Service Form 990, to anybody who requests them in writing or by telephone. The same rule would apply to requests for copies of a non-profit's application for tax exemption and its letter from the IRS granting the exemption. Under current law, charities must provide that information only to people who visit an organization's offices.

► Sen. John W. Warner, Republican of Virginia, is pushing for new rules that would require many non-profits to send a statement to all contributors telling them how they can obtain financial information about the organizations. It would also require charities to send financial data to people who request it by mail or phone. Senator Warner said he introduced his bill in part because of concerns raised by press reports about financial improprieties at United Way of America.

The House measure, which was included in a large tax package, would require charities to provide the public with their three most recent annual tax returns. Non-profits would be allowed to charge people who request the forms a "reasonable" fee for copying them.

The House passed the provision after Congressional surveys and several newspaper reports provided evidence that many non-profits were not obeying current rules for public disclosure, said key House tax aides.

Measure Would Exempt Some Non-Profits

The Senate will probably be asked to consider Senator Warner's proposal during its debate on a tax measure to match the House bill.

The measure would exempt colleges, hospitals, and churches from the requirement to tell donors how they can get information contained on a charity's Form 990. It would also excuse charities with revenues of less than $100,000 in annual revenues.

"One of the main problems with the current reporting procedures," said Senator Warner, "is that the burden is on the donor to go to the tax-exempt organization's headquarters in order to view the disclosure form, or to contact the IRS and, at the donor's expense, have the information sent to him."

He said that the bill was influenced by the recent controversy over the high salary, benefits, and alleged spending of donated funds on luxury travel and other items by top executives at United Way of America, which is based in Alexandria, Va.

Senator Warner said that his measure could help restore people's confidence in charities, which he says was eroded by the United Way scandal. "If my legislation passes," he said, "the era of excessive salaries, first-class airline flights, limousines, high-priced dinners, vacations, and other perks may be over."

To obtain the financial information, donors and anyone else who wanted it would be required to send the charity a self-addressed, stamped envelope and $2 for processing and handling. Non-profits would be required to provide the information within 30 days of receiving the request.

Non-profits that did not comply would be fined $50 per day.

Senator Warner said he hoped that if his measure became law the IRS would consider revising the 990 form so that key financial data, such as salaries of the top-paid executives, the non-profit's revenues, and how its moneys are spent would be listed on the first one or two pages. That way, he said, non-profits would not have to send donors a copy of the entire form.

Some non-profit representatives said they supported the House bill, but others worried that the measure did not specify what non-profits could charge the public for costs other than photocopying.

The outlook for the Warner measure was unclear. Non-profit lobbyists said they doubted it would be approved by the Senate, but the Senator's aides said they expected the bill would be passed because it had been crafted in consultation with key Senate staff members and officials of the IRS.

How United Way of America Has Responded to Recommended Changes

The Washington law firm of Verner, Liipfert, Bernhard, McPherson and Hand, which investigated management and financial practices at United Way of America, issued a report in April making recommendations for changes at the organization. Following is a summary of those recommendations and the actions that have been taken on them, based on information provided by United Way of America.

Relationships With Affiliated Organizations

Recommendation: Determine if Partnership Umbrella, a United Way of America spinoff that allows charities to buy goods at discount prices, should repay United Way of America the amount of money Partnership Umbrella put into buying condominiums in Miami and New York. While that decision is being made, United Way of America should cease making payments to Partnership Umbrella and take control of it.

Action: The United Way of America board has prohibited the organization from buying any services from Partnership Umbrella and voted not to renew licensing and marketing agreements between the two. The board said it would continue to investigate the relationship to determine whether Partnership Umbrella owes United Way of America any money.

Recommendation: Shut down Charities Fund Transfer, a non-profit designed to speed the transfer of corporate donations to local United Ways, and carry out its activities through United Way of America.

Action: Completed.

Recommendation: Define the relationship between Gifts In Kind America, a spinoff that provides local United Ways with low-cost products donated by companies, and United Way of America in a memorandum of understanding.

Action: Completed.

Recommendation: Negotiate with Sales Service/America, an affiliate that sells products with the United Way logo, to prepay a $2.17-million loan. The 1990 loan by United Way of America provided initial financial support for the spinoff.

Action: Loan prepaid for 1992. Amount owed United Way of America reduced to $1.58-million.

Recommendation: Investigate what services were provided by Partnership Umbrella when Sales Service/America was transferred from United Way of America and established as a separate, for-profit company. United Way of America paid Partnership Umbrella a $138,000 fee to advise Sales Service/America on how to make the transition, in addition to the $125,000 Sales Service/America paid Partnership Umbrella to break a separate management agreement between the two. All money that was improperly spent should be paid back to United Way of America.

Action: An independent audit of the financial arrangements is under way.

Recommendation: Terminate Sales Service/America's license to use the United Way of America logo and have United Way of America take over all of the spinoff's activities.

Action: Sales Service/America, will not be returned to United Way of America. United Way officials said it was impractical to take over the organization because, as a non-profit, the charity network would be ineligible, under rules established by the Advertising Specialty Institute, a trade group, for substantial discounts on the goods sold by Sales Service. It will, however, be changed from a non-stock corporation to a stock corporation, with United Way of America as the sole stockholder. The license to use United Way's logo was preserved.

Recommendation: Terminate Sales Service/America's obligations under a "buy back" agreement with Crestar Bank. The bank lent Sales Service/America $250,000 in 1990 in return for a promise that if Sales Service failed to pay back all of the loan, United Way of America would be required to purchase Sales Service/America's inventory for an amount equal to the outstanding loan balance.

Action: Completed.

Recommendation: Determine whether United Way of America should continue financial support for United Way International, a spinoff that encourages the creation of charitable organizations abroad.

Action: United Way International will remain a separate organization. No United Way of America membership dues will be used to support it.

Recommendation: Determine whether Mobilization for America's Children, an affiliate developed to build coalitions to support efforts to improve services provided to kids, should remain a separate non-profit receiving financial support from United Way of America.

Action: Mobilization for America's Children will be dissolved as a separate organization. The program has transferred $50,686 that was in its coffers back to United Way of America, which will continue the affiliate's activities.

Recommendation: Determine whether United Way of America should provide financial support for Voluntary Initiatives America, a spinoff that was created to promote volunteerism.

Action: Voluntary Initiatives America will receive no financial support from United Way of America. Money that has already been raised by the organization will be given back to United Way of America, which will distribute the money to non-profits through a grants competition.

Recommendation: Determine whether United Way of America should consider recovering money from the sale of a Miami condominium purchased by Voluntary Initiatives in 1991 for $125,000 in cash. (The condominium was later purchased by Partnership Umbrella, which then put it up for sale.)

Action: An independent audit of the financial arrangement is under way.

Financial and Management Controls

Recommendation: Devise a uniform system for developing and approving all contracts with outside consultants.

Action: A new policy on consultants has been issued.

Recommendation: Establish travel and expense policies for all United Way of America employees.

Action: All staff members have been told they must buy coach air fares for travel to business meetings, share hotel rooms, and limit meal expenses to $35 per day in most cities. They were also barred from using private limousines on business trips.

Recommendation: Establish a travel and expense budget for all top-level officials of United Way of America.

Action: The board has created a new Budget and Finance Committee that has been ordered to develop such policies.

Recommendation: Conduct an audit of all questionable travel and expense charges by former top officials of United Way of America, including limousine services, flights to Europe on the supersonic Concorde, and air travel to Las Vegas. Recover all improper charges.

Action: An independent audit of those expenses is now under way.

Recommendation: Hire a certified-public-accounting firm to conduct a thorough audit of all spending at United Way of America during the past five years. New financial controls should be developed to avoid a recurrence of inappropriate practices. Results should serve as a basis to determine which funds were used as personal expenses and can be recovered.

Action: Coopers & Lybrand has been hired to conduct independent audits of all financial arrangements under question.

Personnel Practices, Record Keeping, and Compensation

Recommendation: Establish a central system to administer compensation and fringe-benefits plans and maintain up-to-date information on deferred compensation and fringe benefits.

Action: Completed.

Recommendation: Base compensation for senior management officials on a review of salaries at other non-profit organizations and on the United Way of America budget, not the total amount raised by United Ways. Compensation had been based on salaries at commercial non-manufacturing companies.

Action: Revisions are scheduled to be completed by July 31.

Recommendation: Establish a special committee of board members that will oversee compensation and personnel policies. The board should start approving all promotions of staff members to officer-level positions.

Action: The board has established such a committee, but said the committee could decide which promotions it wanted to review.

Recommendation: Review the number of employees at United Way of America and eliminate

United Way Adopts New Financial Controls and Ethics Rules

Continued from Page 33

involve at least three board members in periodic reviews of the organization's financial transactions.

► Installed tighter financial controls aimed at making sure none of United Way's money is used improperly.

► Approved new board committees to oversee ethics, finances, compensation and personnel policies, board nominations, membership, and the services provided by United Way of America. The board also voted to meet four times instead of twice per year so that it can better monitor the organization's activities.

► Appointed an ombudsman to handle complaints from employees and local United Ways.

The Verner, Liipfert report also recommended that United Way be reimbursed for expenses for air travel, hotels, limousines, and gifts for Mr. Aramony from 1988 through 1991. The report did not say exactly how much United Way was owed, but estimated that it could be tens of thousands of dollars.

Audit Under Way

In many cases, the report said, it was not clear that those expenses were related to United Way of America business. Mr. Aramony has said he does not believe he improperly billed the organization for personal expenses. Coopers & Lybrand, one of the nation's biggest accounting firms, is now conducting an audit to determine how much, if anything, Mr. Aramony owes.

United Way of America is considering deducting any such amounts from Mr. Aramony's pension payment. He maintains that he is owed $4.4-million in retirement benefits, but United Way of America officials are still trying to determine whether that claim is proper. According to the Verner, Liipfert report, it was unclear how much of the pension's costs and benefits were adequately disclosed to the United Way of America board.

Although most of the recommendations in the report have been followed, a few key proposals are still pending, including a review of pay scales for top-ranking officials and recovery of money from Partnership Umbrella, a United Way of America spinoff that allows charities to buy goods at discount prices. The report said the spinoff might owe United Way money used to purchase condominiums in Miami and New York. United Way of America has stopped buying services from Partnership Umbrella and will not be renewing licensing agreements between the two.

Local Groups Pleased

The changes struck a favorable chord with many local United Ways, including those that had previously refused to pay their dues because of concerns about the controversy.

One of the 10 largest United Ways, Philadelphia's United Way of Southeastern Pennsylvania, announced its intention to resume paying dues the day after the revisions were approved by the United Way of America board. Joseph Divis, spokesman for the Philadelphia United Way, said the decision was a direct result of the board's action.

The board of Chicago's United Way/Crusade of Mercy voted to renew dues payments two days before the United Way of America board meeting.

Only three of the 10 largest United Ways—those in Detroit, Los Angeles, and Washington—contin-

inconsistencies in pay scales for employees.

Action: Revisions are scheduled to be completed by July 31.

Recommendation: Review the Salary Administration Manual for comparability and internal equity.

Action: Completed.

Recommendation: Establish roles for all senior officers and make clear to whom officers must report.

Action: Completed.

Recommendation: Review equal-employment-opportunity and affirmative-action policies. Insure that policies prohibit relatives of United Way of America vice-presidents, senior vice-presidents, and the president from being employed at United Way of America.

Action: Review completed and personnel policies were expanded to respond to the concerns.

Recommendation: Establish a committee to investigate sexual-harassment complaints. Personnel policies should be amended to provide that the existing Human Relations Committee receive complaints of sexual harassment and harassment on the basis of race, religion, national origin, ethnicity, or age.

Action: Completed.

Recommendation: Conduct a review of United Way of America policy for providing severance pay to workers who resign.

Action: Completed.

Pensions and Benefits

Recommendation: Withhold distribution of special pension benefits to senior executives until all legal claims are resolved. The benefits on hold include an estimated $2.95-million claimed by William Aramony, former president of United Way of America. Because of the amount he was paid in salary and his 38 years of experience with United Way, Mr. Aramony could be eligible for an additional $1.2-million. His lump-sum pension payment could reach a total of $4.44-million.

Action: No special benefits are being distributed.

Recommendation: Stop offering any early-retirement incentives until United Way of America can determine if the plans satisfy Internal Revenue Service rules that prohibit organizations from providing highly compensated employees with benefits that are far more generous than those offered to lower-paid workers.

Action: No incentives are being offered.

Recommendation: Change existing pension arrangements so no employees are eligible to receive extra benefits in addition to their normal retirement benefits.

Action: Completed.

Recommendation: Review current pension plans, their financing, how they compare to plans offered by other nonprofits, and the effects of federal regulations on amending or terminating the plans.

Action: Completed.

Recommendation: Make sure that detailed calculations have been made to determine how much United Way will have to pay out annually in pension benefits so that those costs can be anticipated as part of the budget process.

Action: Completed.

Recommendation: Have all changes in pension policies reviewed by the board's Compensation and Human Resources Committee.

Action: Completed.

Recommendation: Conduct an independent examination to determine the relationship between United Way of America and Mutual of America, the insurance company that provides the pensions for many United Way employees.

Action: Completed.

Administration of Private and Federal Grants

Recommendation: Conduct a full audit to determine the nature of all grants earmarked for particular purposes and to make sure all such grants have been used properly.

Action: Completed. No problems were found.

Recommendation: Conduct a full audit to determine whether grants from federal agencies were managed in accord with government standards.

Action: Completed. No problems were found.

Governance

Recommendation: Establish a board-level committee to review proposed governance changes and draft proposals to carry them out.

Action: Completed.

Recommendation: Change the United Way of America bylaws to require that representatives of local United Ways be included on the Board of Governors and the committee nominates candidates for membership on the board.

Action: The board has been expanded from 37 to 45 members, 15 of whom must be representatives of local United Ways. The 15-member nominating committee must now include include 10 representatives of local United Ways.

Recommendation: Instruct the nominating committee to increase the number of women, minority-group members, and charity officials recruited to serve on the board.

Action: Completed.

Recommendation: Increase meetings of the Board of Governors and Executive Committee from two to four times a year.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Establish procedures under which a local United Way's membership in United Way of America is terminated. The policy should allow for notice, a grace period, and the temporary waiver or reduction of dues for members experiencing financial difficulty. Procedures should also be established for resolving disputes in which a local United Way withholds its dues because of a disagreement with the national organization. Previously, a local United Way's membership was automatically terminated if it failed to pay its dues.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Limit local United Ways to only one vote in annual meetings. In some cases, United Ways that have merged or have separate planning and fund-raising functions have had more than one vote.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month. The board also approved a recommendation submitted by local United Ways that, for the first time, would allow local United Ways to vote by proxy. Currently, voting is by voice vote of members present.

Recommendation: Include in the bylaws more detailed descriptions of the roles and responsibilities of the board's committees.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Outline the parameters of the authority of the board's Executive Committee and place statutorily required limits on its authority. The Executive Committee had had all the powers of the full board.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Include clear provisions in the bylaws about conditions for removal of officers.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Enact limits on the types of transactions that may be conducted between United Way of America and its board members and their families.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Prohibit United Way of America from making any loans to entities that have board members or officers in common with the United Way of America Board of Governors or its officers.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

Recommendation: Consider whether bylaws should provide that board members and officers would be indemnified from liability in certain situations.

Action: Approved by the board, but must be ratified by United Way of America members at their annual meeting next month.

---

ue to withhold dues. The 10 big United Ways paid 25 per cent of the national organization's dues in 1991 and their decisions have been a principal concern for United Way of America officials.

Within days of Mr. Dam's announcement of the changes at a press conference, many smaller United Ways also voted to pay membership dues, bringing the total number of dues-paying members to 704 last week, up from 532 at the end of May.

Previously, about 1,400 United Ways paid dues to the national organization.

"The decision by local United Ways is reassuring but we're not out of the woods yet," said Tony De Cristofaro, a spokesman for United Way of America.

By June 30, United Way of America had collected just $7-million of the $12-million in dues needed to meet its operating budget during the first six months of the year. Mr. De Cristofaro said the organization was filling the gap by borrowing and reducing expenses.

Reaction in Detroit

In Detroit, United Way leaders were impressed that the revisions "got at the heart of the issues," said James A. Ridge, vice-president at the United Way of Southeastern Michigan.

He said members of his board were pleased by the tougher accounting policies, the new rules giving local United Ways representation on the United Way of America board, and the revised mission statement. Mr. Ridge predicted that Detroit's board may vote as early as this week to reinstate dues payments.

Mr. Ridge and several other local United Way leaders praised Mr. Dam for seeking their advice, listening to them, and incorporating their concerns as he attempted to overhaul United Way of America.

"He made a big effort to go out of his way to listen to the customer," said Mr. Ridge. "They are letting us know who the customer is now, I think."

But he said the changes did not alleviate all of his concerns. He said he was worried that the problems at United Way of America would still bother potential donors during this fall's fund-raising drive—although he said he was more worried about the impact of the sluggish economy.

"I'm sure it [the controversy] will be something we will have to cope with," Mr. Ridge said.

Many local United Way officials share Mr. Ridge's concerns. They said that the public was so angered by reports about Mr. Aramony's management and spending practices that no matter how many changes United Way of America makes, they still expect a tough time raising money this fall.

'What We Were Waiting For'

Howard J. Nolan, president of the United Way of San Antonio and Bexar County in Texas, said the management and governance revisions were "exactly what we were waiting for in our community."

But, he said, "that isn't to say that the Aramony issue is going to be cleansed from individuals' minds. The hurdle is a little smaller, not out of the way."

In Richmond, Va., United Way Services was besieged with hundreds of pledge cancellations after the press reports about Mr. Aramony. Larry E. Walton, the United Way's president, said he found the changes "very satisfactory" but he doubted they would end the public's anger about United Way of America.

He said the key to success in the fall campaigns would be to focus on the needs of local communities served by United Way, instead of the issues affecting the national organization. "We can't let Bill Aramony create victims all over the streets of this country," said Mr. Walton. "You have to convince

Continued on Page 36

United Way Board Adopts New Financial Controls

Continued from Page 35

people that they can't hurt Bill Aramony. He's history."

Gayle Greer, chairwoman of Denver's Mile High United Way, applauded the reforms but said she was concerned that they might not matter much to middle- and low-income donors—the mainstream of United Way contributors. She said

"The way our board feels now, we are joining a new national effort. We may take a new look and make a pledge in good faith."

she suspected the announcement of changes might have seemed more impressive to United Way staff members than to the public, "who might think that kind of stuff is not a big deal."

Praise From Critics

Even some local United Way leaders who were most outspoken while the controversy was unfolding offered praise for the revisions.

"I think the changes are very healthy," said Pamela Y. Paul, board chairman of the United Way of Northeast Florida in Jacksonville. "They are just what locals advised them to do. It shows that they are listening, so we are very pleased."

Soon after allegations about Mr. Aramony's leadership were published, Ms. Paul fired off two widely publicized letters demanding that United Way of America's board conduct a major overhaul. She said her United Way would not pay its dues unless changes were made.

After the changes were announced, Ms. Paul said her board would reconsider its decision to withhold its 1992 dues payment of about $136,343.

"The way our board feels now, we are joining a new national effort," she said. "We may take a new look and make a pledge in good faith."

Not All Are Swayed

Still, not all local United Ways—large or small—were swayed by the actions of the United Way of America board.

The board at Norfolk, Va., said that while it approved of the changes, it was unlikely to reverse its decision to withhold dues, said Laura Sanford, vice-president for marketing and communications.

She said the Norfolk board was pleased to see the reforms but "didn't want to be wishy-washy on it" and would stand by its decision not to pay dues for the rest of 1992. The same day Mr. Dam announced the changes, the Norfolk board voted to hold a special meeting next year to decide its future relationship with the national organization.

Some other United Ways are still withholding their dues payments because they are afraid that doing otherwise would stir public antagonism and result in fewer contributions in this fall's campaign. Susan Blatt, president of New York's United Way of Greater Utica Area, said the revisions probably have come too late to help her fall fund-raising drive. She said her United Way was struggling financially and has promised that it will use all contributions from this fall's campaign to meet local human-services needs, instead of paying an estimated $30,000 in dues to United Way of America. Dr. Blatt said that her United Way might withhold dues next year too because of the controversy.

"If we campaign on the basis of all our money staying local, people will be upset if we pay dues even in 1993," she said.

Paying for Investigations

Aside from voting on numerous changes aimed at improving oversight of the organization, the United Way of America Board of Governors is also moving to make sure that money from membership dues is not used to pay for the investigation costs United Way has incurred because of the controversy.

The bill for services by lawyers, auditors, and private investigators has topped $1-million, according to one source close to the investigation. The board is helping to defray the costs by establishing a special fund to collect donations. Mr. De Cristofaro, the United Way of America spokesman, declined to disclose how much the investigation has cost, how much had been raised, or specify whether board members were making contributions of their own money.

Aside from the money owed Verner, Liipfert, United Way is also being charged for work by the Investigative Group Inc., a Washington-based organization of private investigators, by two other Washington law firms that were asked to get involved in the investigation, and by Coopers & Lybrand for the audit of Mr. Aramony's travel and expense claims.

UNITED WAY OF AMERICA

United Way President Kenneth W. Dam: The new safeguards make it "impossible" for a controversy over management to reoccur.

Gonser Gerber Tinker Stuhr Presents A Special Two-Day Workshop on

Succeeding in Your Capital Campaign

August 17-18, 1992 • The Palmer House • Chicago, Illinois

A full, comprehensive two-day program for presidents, trustees, key volunteers, chief development officers, directors of major gifts and other development staff on how to plan and implement a successful capital campaign.

THE FACULTY

The partners and associates of Gonser Gerber Tinker Stuhr—**Charles H. Kayton, Charles P. Cushman, Calvin H. Stoney, Salvatore F. Polizzotto, C.J. Young, and Brydon M. DeWitt**—are joined by experienced trustees and development professionals from across the country including: **Rodney C. Bussey,** Vice President for Alumni Relations and Development, Berea College; **Dr. Bradford L. Crain,** President, Lees McRae College; **Jeannine Dash,** Executive Director, Office of Catholic Schools, Archdiocese of Hartford; **Brother F. Patrick Ellis, F.S.C.,** President, The Catholic University of America; **Dr. Ivan E. Frick,** President, Elmhurst College; **Roland E. Goode,** Vice Chairman of the Board, Berea College; **Stanley J. Koster,** Superintendent, Holland Christian Schools; **James K. Martin,** Vice President for Development and External Affairs, Community Medical Center Foundation; **John D. Paquette,** Vice President-Development, WFSI-Milwaukee, Inc.; **Anita M. Rook,** Former Vice President for Development, Christian Theological Seminary; **Senator Harry G. Slife,** State of Iowa; and **David R. Thies,** President, Thies & Talle Management, Inc.

THE PROGRAM

In full group sessions and small group seminars, attendees will examine in detail the components of planning, organizing, and implementing a capital campaign. Topics include: Pre-Campaign Preparation; Major Gifts—The Key to Success for Your Campaign; Getting Your Campaign Off Dead Center; Studies, Readiness, and Feasibility; Organizational Structure and Volunteer Involvement; Use of the Case Settlement; Strategy, Timing and Goal Setting; and Campaign Leadership.

REGISTRATION

The registration fee is $495 per person; $450 for each additional person from the same institution. For further information on the Workshop and registration, contact:

Gonser Gerber Tinker Stuhr
400 East Diehl Road, Naperville, Illinois 60563
Telephone: (708) 505-1433
FAX: (708) 505-7710

IN BRIEF: Managing

Leukemia Society Head Steps Down Unexpectedly

The president of the Leukemia Society of America has resigned abruptly amid concerns by some trustees that the non-profit was falling short of its fund-raising goals.

Peter N. Cakridas, who headed the New York–based organization for five years, was considering retirement at the end of this year. But he voluntarily cut short his 28-year career at the society following the organization's annual trustees' meeting last month, said Timothy J. Powers, the society's director of communications.

The society named Rudolph F. Badum, its financial officer, to be acting president and chief executive officer while a search for a replacement is being conducted. Mr. Cakridas was not available for comment.

Trustees at the meeting said finding ways to bolster fund raising was their principal concern. Other key issues discussed at the meeting were the efficiency of the charity's use of its resources, the high turnover of the group's field staff in the past year, and whether the society should spend more to sponsor research.

Mr. Cakridas, 62, said he recognized that the society needed to be more aggressive about fund raising in an increasingly competitive environment but felt the challenge should fall to someone younger and more energetic, said Peter J. Quesenberry, head of hematology and oncology at the University of Virginia and vice-president of scientific and medical affairs for the society.

The society reported that it brought in $33.7-million in donations and other income last year, a slight increase from 1990's total of $32.5-million. The 1992 total won't be released until October but is expected to be close to the 1991 total. In addition, the organization estimates that it ran a small deficit in 1991.

Northern Cal. Workers See Pay Increases

Most non-profit workers in northern California received salary increases this year and were more likely to receive job benefits, but many were also expected to work longer hours, a new survey has found.

The survey, which covered 332 non-profits in 16 counties, found that the the median salary increase was 5 per cent this year—meaning that half received more and half less. The survey also detected an increase in the number of non-profits that pay for employee health insurance (93 per cent of surveyed groups) and provide retirement benefits (65 per cent).

But the full-time work week is getting longer at more non-profits. This year, 62 per cent of agencies surveyed required employees to work 40 hours a week, compared to 58 per cent last year.

The survey was conducted by the Management Center, a San Francisco organization that helps non-profits improve their operations. Copies of the results may be obtained from Vicki Reichenberg, Assistant to the Executive Director, the Management Center, 944 Market Street, Suite 700, San Francisco 94102; (415) 362-9735. The cost of the report ranges from $50 to $300, depending on the budget of the group that is ordering it.

Tri-State United Way Chief to Keep $240,000 Salary

The board of directors of United Ways of Tri-State, which represents 35 United Ways in the New York metropolitan area, has voted to maintain the salary of the organization's president, Betty Beene, at $240,000 a year, following the results of a survey examining non-profit executives' salaries in the region.

Ms. Beene requested the review in the wake of public criticism of the compensation package and perquisites received by William Aramony, former president of United Way of America, and Calvin M. Green, former president of United Ways of Tri-State. Both men have denied they were overpaid.

J. Michael Cook, chairman of Tri-State's board and chief executive officer of the Deloitte & Touche accounting firm, said that the review found that Ms. Beene's salary was appropriate when compared to the heads of other non-profits. He added that her performance had been "superb."

In addition to her salary, Ms. Beene will receive health, pension, and life-insurance benefits worth about $32,000.

Pay for Hospital Fund Raisers Grew by 8.2%

By DAN JOSEPH

Pay increases for U.S. hospital fund raisers outpaced inflation over the past year, according to a new report by the Association for Healthcare Philanthropy.

The median salary—meaning that half got more and half got less—was $59,500, an 8.2-per-cent increase, according to a survey that covered pay changes between March 1991 and March 1992. The inflation rate during that period was 3.2 per cent.

While the overall picture for hospital fund raisers was bright, the report found that top-ranking development officers received much higher increases than their junior-level colleagues. The median salary for executives of foundations that raise money for particular hospitals or chains of institutions jumped 8.3 per cent to $65,000, while heads of fund-raising departments received $49,500, a 3.1-per cent increase. Top hospital executives, many of whom are involved in fund raising, received the biggest increases: a median raise of 14.3 per cent, to $80,000.

On the other hand, assistant and associate hospital development directors actually saw their median salary fall from $40,000 to $36,000, a 10-per-cent decrease.

The findings were based on the responses of 677 hospital fund raisers to a survey conducted by the association.

Bill McGinly, president of the association, said a high demand for fund raisers with significant experience in health care partially accounted for the rise in foundation executives' salaries.

What's more, he said, the surge in total donations to hospitals from individuals—which rose 11 per cent last year—also affected salaries, as hospitals searched for people with more experience seeking gifts from individual donors, instead of corporations and foundations. Over all, donations to hospitals decreased by 5.5 per cent, largely because of a sharp drop in gifts from corporations and foundations (*The Chronicle*, May 5).

Jessie Fuller, executive director of the St. Joseph Health Center Foundation in Kansas City, Mo., said top fund raisers were being given big raises because many of them handle other duties as well. "I'm part of the senior administrative team in my hospital," she said. "I go through the budgeting process and the strategic-planning process."

Ms. Fuller said she received a raise last year, but declined to divulge how large it was.

Less Experience

Mr. McGinly said the reason salaries were decreasing for low-ranking hospital fund raisers was that many hospitals have been hiring development officers with little experience in health care. Many of them come from community-based organizations such as theater groups, youth organizations, and United Ways, he said.

The survey found substantial pay inequities between the sexes. Hospitals paid male fund raisers more than their female counterparts for all job rankings, with the largest disparities between men and women with the most experience and the highest positions.

Female hospital foundation executives with eight or more years in fund raising earned a median salary of $67,500, 88 per cent of the median salary for males with the same experience, the survey found. For hospital development heads with eight or more years experience, the disparity was almost the same, with women earning a median of $55,000, 82 per cent of men's median salary of $68,500.

Lower in Canada

A separate survey released by the association found that most Canadian hospital fund raisers are getting significantly less than their American peers. The overall median salary of Canadian hospital fund raisers rose slightly, from $54,000 to $55,000 (in Canadian dollars), a 2-per-cent increase.

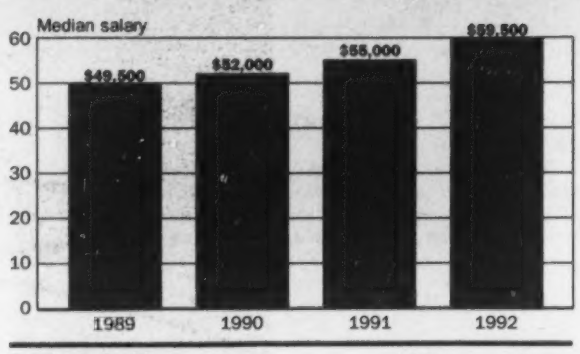
The median salary for Canadian hospital foundation executives decreased by less than 1 per cent, to $60,000 (Canadian) between March 1991 and March 1992. By current exchange rates, that would be about $48,720 in U.S. dollars.

But women who work for Canadian hospitals are faring much better than their American counterparts. Female foundation executives with eight or more years' experience earned a median salary of $79,000 ($64,150 in U.S. dollars), about $9,000 more than male foundation executives with the same number of years' experience. Those findings were based on the responses of 91 fund raisers.

Copies of the "1992 USA Salary & Benefits Report" and the "1992 Canada Salary & Benefits Report" can be ordered from the Association for Healthcare Philanthropy Foundation, 313 Park Avenue, Suite 400, Falls Church, Va. 22046. The cost is $25 per report for members of the association and $50 for non-members, including postage and handling.

Salaries and Benefits of Hospital Fund Raisers

United States

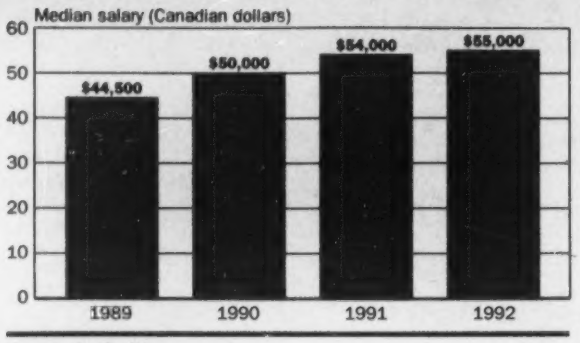


Salaries by Position	Salary	Bonus
Administrator or executive	$80,000	$9,500
Foundation executive	65,000	5,500
Head of department	49,500	4,250
Assistant or associate head of department	36,000	4,100

Salaries by Size of Hospital	Small	Medium	Large
Administrator or executive	$70,000	$79,900	$95,000
Foundation executive	53,000	68,250	74,000
Head of department	44,500	50,000	57,000
Assistant or associate head of department	49,900	33,700	38,100

Salaries by Sex	0-2 years experience	3-7 years experience	8+ years experience
Administrator or executive			
Men	$76,500	$80,000	$89,000
Women	60,500	77,500	67,050
Foundation executive			
Men	60,000	67,000	76,500
Women	50,000	53,000	67,500
Head of department			
Men	49,100	55,000	66,800
Women	42,050	42,000	55,000
Assistant or associate head of department			
Men	40,000	54,750	40,000
Women	33,450	34,400	45,000

Canada



Salaries by Position	Salary
Administrator or executive	$80,000
Foundation executive	60,000
Head of department	46,000
Assistant or associate head of department	40,000

Salaries by Size of Hospital	Small	Medium	Large
Administrator or executive	$68,500	$77,000	$95,000
Foundation executive	62,500	60,000	60,000
Head of department	49,500	46,000	42,000
Assistant or associate head of department	36,500	—	40,000

Salaries by Sex	0-2 years experience	3-7 years experience	8+ years experience
Administrator or executive			
Men	$69,000	—	$73,500
Women	—	$97,000	—
Foundation executive			
Men	60,000	65,000	70,000
Women	50,000	60,000	79,000
Head of department			
Men	—	52,000	—
Women	42,500	42,000	48,000
Assistant or associate head of department			
Men	40,000	—	—
Women	36,500	—	45,000

— Insufficient data

SOURCE: Association for Healthcare Philanthropy

CHRONICLE CHART BY JOJO GRAGASIN

"The Cargill Associates program is the best I have seen."

Dr. Ben M. Elrod, President
Ouachita Baptist University
Arkadelphia, Arkansas

"When I entered the field of development work, Bob Cargill was one of the first people I asked for help. Thirty years later, I'm still asking for advice from Cargill Associates.

"After the first year of Ouachita's three-year *Decade of Progress Campaign*, we are very close to reaching our base goal of $22,600,000. With that kind of success after only one year, our challenge goal of $26,700,000 is certainly within reach.

"The Cargill method has been tested in hundreds of campaigns; the Cargill people are competent professionals; and the Cargill name carries with it the highest degree of trust."

Let Cargill Associates provide you with the detailed, professional, fund-raising counsel needed to reach your goals.

CARGILL ASSOCIATES
The Most Trusted Name in Fund-Raising
4701 Altamesa Boulevard • P.O. Box 330339 • Fort Worth, Texas 76163-0339
817-292-9374 or 1-800-433-2233